



2020 Annual Report

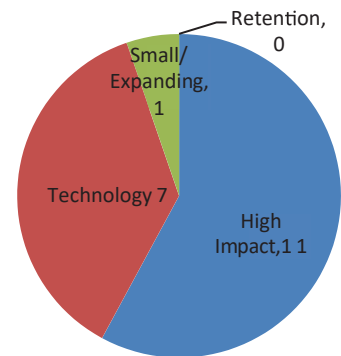
Missouri Quality Jobs Program

The Missouri Quality Jobs program was introduced and passed during the 2005 Legislative Session and commenced on August 28, 2005. As of December 31,

2020, 19 “new jobs” projects (representing 18 organizations) were approved and are considered active in the program. An additional 19 “new jobs” project were concluded during the year; 18 of those projects successfully completed the applicable 3- or 5-year benefit period, and one project was concluded because it did not meet or maintain the program requirements. During calendar year 2020, the Department of Economic Development (DED) did not approve any new jobs projects. Tables 1 through 3 in this report show the companies that received Missouri Quality Jobs benefits during 2020.

The Missouri Works program, enacted August 28, 2013, replaced four DED programs, including the Missouri Quality Jobs, Rebuilding Communities, Development Tax Credit, and Enhanced Enterprise Zone programs. Only projects with an existing proposal or a Notice of Intent (NOI) for the Quality Jobs program could be submitted after August 23, 2013. Applicants were allowed to submit numerous NOIs, as outlined in DED’s proposal and accepted by each applicant. Additionally, the Missouri Quality Jobs applicants had the option of moving to the Missouri Works program instead of applying through the original Missouri Quality Jobs program. Quality Jobs program benefits are projected to continue through calendar year 2023.

Approved Projects by Program



Program Requirements

The Missouri Quality Jobs program provides benefits for companies creating a minimum number of new jobs as required for each of three project types:

- 1) Small/expanding business projects must have created a minimum of 20 new jobs in rural counties or 40 new jobs in non-rural counties within 2 years.
- 2) Technology business projects, determined by the assigned North American Industry Classification System (NAICS) and based on the business activity at the facility, must have created 10 or more new jobs within 2 years.
- 3) High-impact projects must have created at least 100 new jobs, the first new job within 1 year of approval and at least an additional 99 new jobs within 2 years of hiring of the first new job.

Program eligibility requirements for new jobs included: an average wage of at least the county average wage (or state average wage, whichever is lower), the employee must work an average of 35 hours a week at the project facility during the year, and the employer must offer health insurance to all full-time employees in the state and pay at least 50 percent of the premium.

To qualify for the job retention portion of the Missouri Quality Jobs program, companies must have a significant statewide effect on the economy, represented a substantial risk of relocation outside the state and have employed a minimum of 1,000 full-time employees for the previous 2 years with the average wage meeting or exceeding the county average wage.

Investment and job requirements at the project facility for retention projects included that the company must have invested at least \$70 million within 2 years or invested at least \$30 million within 2 years and maintained a payroll of at least \$70 million for each year a tax credit was claimed. In addition, local incentives must have been at least 50 percent of the new local revenue generated for 10 years. In accordance with Section 620.1881.3(4), RSMo, job retention projects through the Missouri Quality Jobs program must have been approved by DED on or before August 28, 2013.

Location

Missouri Quality Jobs program projects have been approved statewide during the program's lifecycle. Currently, 17 projects are in non-rural areas and two projects are in rural areas. A "rural area" is defined in Section 620.1878(29), RSMo, as "a county in Missouri with a population less than seventy-five thousand or that does not contain an individual city with a population greater than fifty thousand according to the most recent federal decennial census."

Annual Benefit

There are two types of benefits considered within the Missouri Quality Jobs program, retained state employee withholding tax and/or tax credits, depending on the project type.

- Small/expanding business projects may retain the state withholding tax of new jobs for 3 years if the average wage of the new jobs equals 100-119 percent of the county average wage, or 5 years if the average wage of the new jobs is at least 120 percent of the county average wage.
- Technology projects receive a base benefit of 5 percent of the new payroll for 5 years. An Average Wage Bonus (see below) may be added if requirements are met. If the retained withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable state tax credit.
- High-impact projects receive a base benefit of 3 percent of the new payroll for 5 years. An Average Wage Bonus and Local Incentives Bonus (see below) may be added if requirements are met. If the retained withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable state tax credit.

Average Wage Bonus – Bonus based on percentage of new job average wage compared to county average wage.

- Greater than 120 percent up to 140 percent of the county average wage means the company receives an additional .5 percent of the payroll of new jobs.
- Greater than 140 percent of the county average wage means the company receives an additional 1 percent of the payroll of new jobs.

Local Incentives Bonus – Bonus based on the local incentives provided to the project as a percentage of new local tax revenue generated from the project over 10 years.

- 10-24 percent means the company receives additional 1 percent of the payroll of new jobs.
- 25-49 percent means the company receives additional 2 percent of the payroll of new jobs.
- 50% or more percent means the company receives additional 3 percent of the payroll of new jobs.

Net State Fiscal Impact

DED's Strategy and Performance division has provided the economic impact potential of the Missouri Quality Jobs program using the Regional Economic Models, Inc. (REM1) policy insight model for both the estimated jobs per project authorized and the actual jobs per project issued. Key findings for program impact include:

Actual Impact

The actual impact uses the information reported as part of the annual reporting process. The results of the analysis are more conservative since the actual information assumes no additional job growth or investment above the amount reported to-date for the project.

Over 17 years, every dollar in Missouri Quality Jobs program incentives is projected to return:

- \$3.24 in new general revenues for the State of Missouri, totaling \$1.263 billion over 17 years.
- \$120.86 in new personal income for Missourians, totaling \$68.3 billion over 17 years.
- \$201.12 in new value-added, equivalent to Gross Domestic Product (GDP), to the state economy, totaling \$113.6 billion over 17 years.

Estimated Impact

The estimated impact considers the information as estimated by the company in the NOI and authorized by DED.

Over 17 years, every dollar in Missouri Quality Jobs program incentives is projected to return:

- \$3.19 in new general revenues for the State of Missouri, totaling \$1.104 billion over 17 years.
- \$119.84 in new personal income for Missourians, totaling \$67.7 billion over 17 years.
- \$199.67 in new value-added, equivalent to GDP, to the state economy, totaling \$112.8 billion over 17 years.

DED's research brief for projects active during 2005-2020 is included as part of the annual report for this program.

Project Benefits Through December 31, 2020

Requestor	Location	County	Actual Tax Credit Issued	Actual Total Program Benefits Issued (to date)	Actual New Jobs	Authorized Withholding (over 5 years)	Authorized Tax Credits (over 5 years)	Anticipated New Jobs (over 5 years)
Quality Jobs - High Impact								
A.B. MAY COMPANY	KANSAS CITY	JACKSON	\$1,926,514.06	\$3,854,947.06	201	\$1,813,050.33	\$2,086,739.01	295
DIEOMATIC INCORPORATED DBA LMV AUTOMOTIVE SYSTEMS	LIBERTY	CLAY	\$4,678,974.71	\$4,678,974.71	294	\$0.00	\$5,028,635.20	156
ESI MAIL PHARMACY SERVICES, INC.	SAINT LOUIS	ST. LOUIS	\$10,838,983.10	\$22,009,280.42	1686	\$811,855.66	\$9,322,517.17	269
ESSENCE GROUP HOLDINGS CORPORATION	MARYLAND HEIGHTS	ST. LOUIS	\$1,678,737.95	\$1,678,737.95	223	\$0.00	\$2,691,306.86	100
PREMIUM WATERS, INC.	RIVERSIDE	PLATTE	\$79,134.47	\$590,896.53	123	\$402,447.00	\$704,283.00	100
RGA ENTERPRISE SERVICES COMPANY-NOI #2	CHESTERFIELD	ST. LOUIS	\$2,108,127.55	\$6,379,472.55	152	\$2,235,233.50	\$2,210,355.63	100
RGA ENTERPRISE SERVICES COMPANY-NOI #3	CHESTERFIELD	ST. LOUIS	\$1,359,023.35	\$4,320,016.35	213	\$3,450,485.16	\$2,816,466.85	150
VETERANS UNITED HOME LOANS (MORTGAGE RESEARCH CENTER) - NOI # 3	COLUMBIA	BOONE	\$6,648,246.55	\$6,648,246.55	1514	\$0.00	\$6,968,566.55	300
WELLS FARGO & COMPANY	FREEHOLD		\$4,218,005.21	\$7,754,109.21	382	\$3,051,639.33	\$7,003,463.90	400
YANFENG USA AUTOMOTIVE TRIM SYSTEMS, INC.	NOVI		\$1,991,330.54	\$3,306,895.54	378	\$1,056,758.00	\$2,888,936.43	291
FORD MOTOR COMPANY	KANSAS CITY	CLAY	\$0.00	\$19,990,494.16	2445	\$11,362,500.00	\$0.00	1500
Subtotal - High Impact Project Benefits			\$35,527,077.49	\$81,212,071.03	7,611	\$12,821,468.98	\$41,721,270.60	2,161

Project Benefits Through December 31, 2020

Requestor	Location	County	Actual Tax Credit Issued	Actual Total Program Benefits Issued (to date)	Actual New Jobs	Authorized Withholding (over 5 years)	Authorized Tax Credits (over 5 years)	Anticipated New Jobs (over 5 years)
Quality Jobs - Small/Expanding								
COUNTRY CLUB BANK	KANSAS CITY	JACKSON	\$0.00	\$708,501.00	68	\$853,225.00	\$0.00	65
RGA ENTERPRISE SERVICES COMPANY	CHESTERFIELD	ST. LOUIS	\$0.00	\$2,730,865.00	103	\$1,866,033.33	\$0.00	100
Subtotal - Small/Expanding Project Benefits			\$0.00	\$3,439,366.00	171	\$2,719,258.33	\$0.00	165
Quality Jobs - Technology								
CATALENT CTS (KANSAS CITY), LLC	KANSAS CITY	JACKSON	\$1,233,092.80	\$3,745,184.28	370	\$1,924,514.00	\$1,383,094.67	236
FANTHREESIXTY, LLC FKA SPORTING INNOVATIONS KC, LLC	KANSAS CITY	JACKSON	\$89,899.34	\$346,958.66	20	\$1,585,080.00	\$1,078,920.00	180
HUFFT PROJECTS, LLC	KANSAS CITY	JACKSON	\$115,660.93	\$311,274.62	8	\$143,599.25	\$145,990.14	22

Requestor	Location	County	Actual Tax Credit Issued	Actual Total Program Benefits Issued (to date)	Actual New Jobs	Authorized Withholding (over 5 years)	Authorized Tax Credits (over 5 years)	Anticipated New Jobs (over 5 years)
LOCKERDOME, INC FKA LOCKERDOME, LLC	SAINT LOUIS	ST. LOUIS CITY	\$102,102.20	\$529,979.20	31	\$934,757.83	\$534,148.00	115
NANOVA BIOMATERIALS, INC.	COLUMBIA	BOONE	\$82,605.35	\$216,913.35	16	\$338,239.16	\$243,260.83	50
NETELIGENT CORPORATION	CHESTERFIELD	ST. LOUIS	\$243,169.69	\$811,178.69	52	\$408,850.00	\$325,069.69	60
Subtotal - Technology Project Benefits			\$1,866,530.31	\$5,961,488.80	497	\$5,335,040.24	\$3,710,483.33	663
Total - New Job & Retention Projects			\$37,393,607.80	\$90,612,925.83	8,279	\$20,875,767.55	\$45,431,753.93	2,989



Economic & Fiscal Impact of the Missouri Quality Jobs Program 2005-2020 Projects

RESEARCH BRIEF

The Missouri Quality Jobs Program targets three economic areas important to Missouri's future - Small and Expanding businesses, Advanced Technology companies, and High Impact projects. This program, administered by the Missouri Department of Economic Development, provides benefits to a company based largely on the number of high paying jobs created. Benefits require verification of employment before incentives are issued.

Qualifying businesses are required to create a minimum number of new jobs at above-average wages, offer health insurance to the new employees, and pay at least half of the health insurance premiums. In return, qualifying employers will keep a percentage of the state withholding taxes normally paid to the state for the new jobs for a set number of years. The amount of the benefit is based on the wage paid relative to the county average wage where the employer is located. State statute requires an annual evaluation of the net state fiscal benefit of the Missouri Quality Jobs Program (section 620.1890, RSMo).

Missouri Quality Jobs Program Key Findings

Direct Impact

With **actual** information verified to date, the program has directly generated:

- \$8.6 billion in new investment, and
- 30,000 new jobs with health benefits,
- paying an average wage of \$69,400 per year

Assuming sustained employment, actual project accomplishments are estimated to create a combined 70,549 direct and spin-off jobs in Missouri through 2022.

Over 17 years, every dollar in MQJP incentives is projected to return:

- \$3.19 in new general revenues for the State of Missouri, totaling \$1.104 billion over 17 years.
- \$119.84 in new personal income for Missourians, totaling \$67.7 billion over 17 years.
- \$199.67 in new value-added to the state economy, totaling \$112.8 billion over 17 years.

Impact of Actual Project Accomplishments Through 2020

As of December 31, 2020, there were 200 projects utilizing the Missouri Quality Jobs program that the Department considers active or completed, including one project for retained jobs. Most of these projects involve businesses engaged in professional, technical, and scientific services, manufacturing, finance and insurance, and company management and support services.

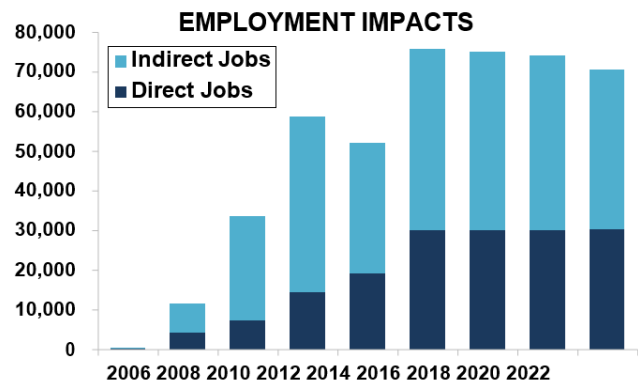
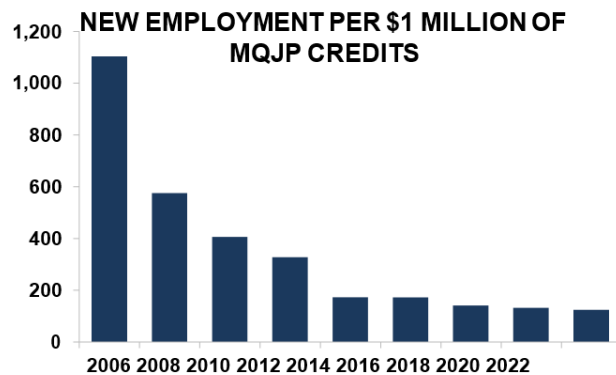
At the time of analysis, all participating projects have provided information that has been verified by Department staff. Although companies have submitted Notices Of Intent, or NOIs, for additional job creation and investments, the analysis in this portion of the report consists of only "actual" project accomplishments that have been verified and assumes no additional job growth or investments in the future. Using this approach, which produces a more conservative impact estimate, these businesses have directly invested a combined \$8.6 billion and created 30,000 total new jobs with health benefits paying an average wage of \$69,400 per year in Missouri. Missouri Quality Jobs program incentives for these projects total \$658.7 million in state general revenue.

Impact of Actual + Projected Project Accomplishments

The remainder of this report will focus on analysis of actual and additional projected accomplishments to determine total estimated impact throughout the life of the program. Historic and anticipated company activity known to the Department at the end of the 2020 calendar year is used with economic modelling to analyze the entire program's expected impact. This analysis approach, in combination with the more conservative estimation included above, provides a range of impact estimates useful in understanding the Missouri Quality Jobs program.

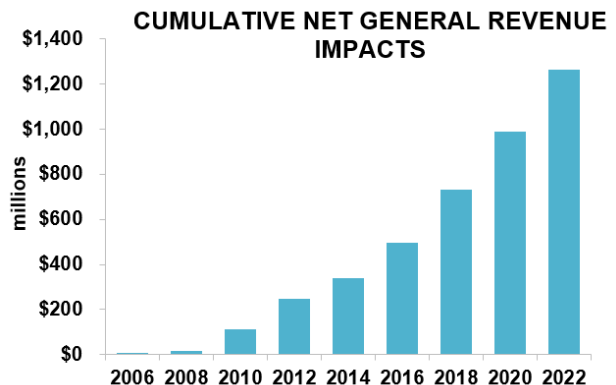
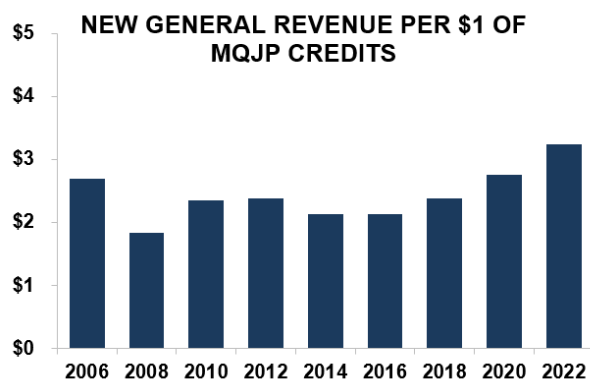
Employment

At full operation in 2022, every one million dollars of state tax credits invested in the Missouri Quality Jobs program is projected to create an average of 125 direct and indirect jobs in Missouri. Given current project projections, the program is anticipated to create roughly 70,549 direct and indirect jobs in Missouri paying an average wage of \$60,690 through 2022.



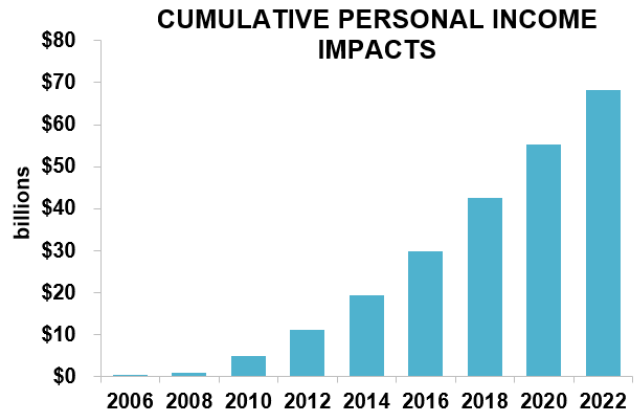
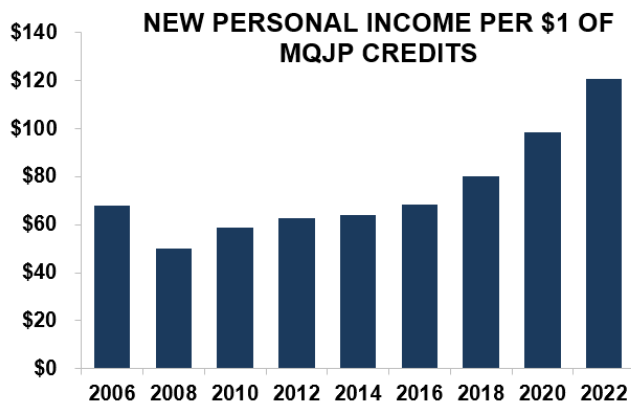
General Revenues

Over 17 years, every dollar of state tax credits invested in the Missouri Quality Jobs program is projected to return \$3.24 in general revenue to the State of Missouri. Given current project projections, this is anticipated to generate \$1.263 billion million in new cumulative net state general revenues over 17 years, which averages to \$74.3 million annually.



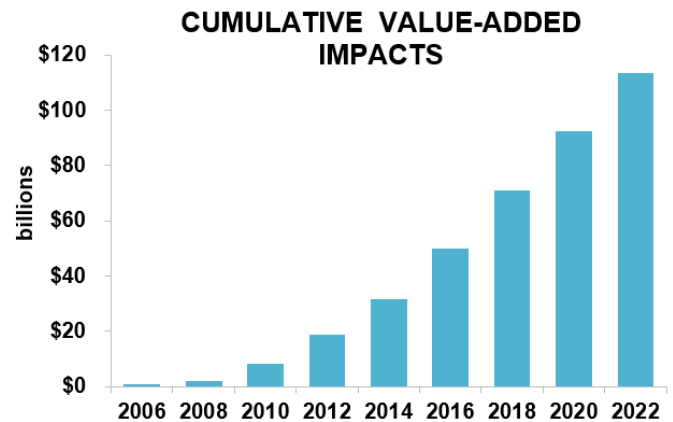
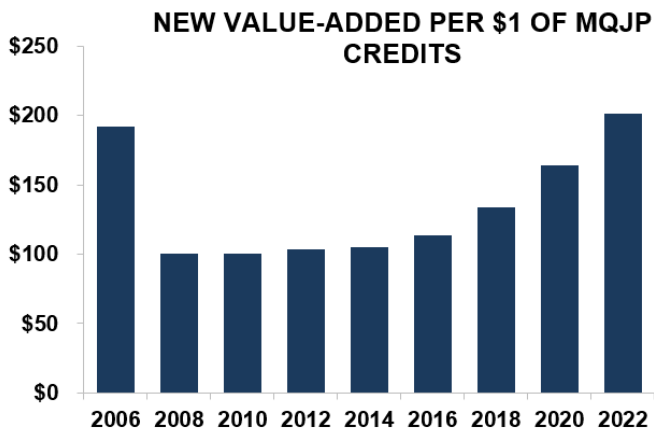
Personal Income

Over 17 years, every dollar of state tax credits invested in the Missouri Quality Jobs Program is projected to return \$120.86 in personal income to Missourians. Given current project projections, this is anticipated to generate \$68.3 billion in new cumulative personal income over 17 years, which averages to \$4.0 billion annually.



Value-Added

Value-added is a subset of total economic activity. It represents the wealth created by industry activity. Using this measure, every dollar of state tax credits invested in the Missouri Quality Jobs Program is projected to return \$201.12 in new value-added to the state's economy. Given current project projections, this is anticipated to generate \$113.6 billion in new value-added over 17 years, which averages to \$6.7 billion annually.



Estimating Fiscal Benefit with Economic Models

Economic models project how spending ripples through the economy, based on past spending patterns. They provide an estimate of potential spin-off jobs and spending that could occur. Through economic modeling and fiscal impact analysis, the Department can estimate and compare future state revenues to the costs of providing a tax benefit over time. This makes economic and fiscal impact analysis well suited to projects and programs where the goal is increased economic activity, such as job creation or capital investment, which spurs additional state revenue.

The economic model currently used by the Department is the Regional Economic Models, Inc. (REMI) Policy Insight model. Unlike other models, REMI allows the Department to estimate impacts over a longer period, as opposed to a single year. This is important, given the multi-year structure of Missouri's tax incentive programs and changes that can occur over time. The Department has performed economic analyses for over 15 years and currently performs approximately 200 analyses each year.

All projections of the future state of Missouri's economy carry some degree of uncertainty given unforeseen circumstances, changing business plans, and fluctuating business cycles. The modeling scenario used for this analysis assumes that companies taking advantage of Missouri Quality Jobs Program implement their corporate investment and expansion plans as set forth in their Notices of Intent. Each year the annual report is updated with the latest available information and will reflect any changes that have occurred in the prior year. Having the most current information provides the best estimate of overall program impacts but does mean that past reports will not reflect these later revisions. As the Quality Jobs Program is designed to only provide incentives once information is verified, the Department is able to adjust benefits to companies based on actual performance.

Note: An error was identified in the calculation of total investment amount reported in the 2017 and 2018 Annual Missouri Quality Jobs Program Reports. This error resulted in the overestimation of investment amounts, which ultimately resulted in an overestimated benefit to the state. Total "actual" investments for the program was previously reported as \$10.3 billion in the 2017 report, and has been recalculated to be \$7.9 billion. Total "actual" investments for the program was previously reported as \$10.9 billion in the 2018 report, and has been recalculated to be \$8.3 billion. This error has been resolved in the current report.

Note: Previous versions of this report were performed using a 15 year analysis. To account for project impacts expected to occur prior to close-out, the analysis was extended to evaluate 17 years (2006-2022).

February 2021



